

Statement of Condoleezza Rice,
Secretary of State
Before the
Senate Appropriations Committee
Subcommittee on State, Foreign Operations,
and Related Programs

March 28, 2006

Chairman McConnell, Ranking Member Leahy, Members of the Subcommittee, thank you for the opportunity to present the President's Fiscal Year 2007 budget for State Department, Foreign Operations and related programs and agencies. I appreciate this opportunity to address the members of the Subcommittee and to talk about America's role in meeting the unprecedented challenges of our world today. I look forward to working closely with Congress to ensure that America's diplomacy has the necessary resources to secure our interests, advance our ideals, and improve people's lives around the world. In all of these mutual efforts, of course, we must remain committed to our responsibility to be good stewards of the American taxpayers' hard-earned dollars.

The President's FY 2007 International Affairs Budget for the Foreign Assistance Programs, Department of State Operations, USAID and other foreign affairs agencies totals \$35.116 billion. This total includes \$23.72 billion for Foreign Operations and \$10.078 billion for State Operations, as well as \$1.317 billion in P.L. 480 Food Aid, and reflects a funding increase of \$3.539 billion from the level appropriated last year.

As I did last year, I want to emphasize that it is important to maintain a balance of resources between state operations and foreign assistance. The diplomatic platforms that we have – our people, our ability to operate in the field, our facilities – are the platforms from which we conduct our diplomacy and we are especially concerned that our people have the training, technology and facilities that they need, all with the requisite security. These vital components are necessary to the success of our diplomatic efforts and foreign assistance programs.

Additionally, I would like to take this opportunity to encourage the Members of this Committee to continue to provide their full support and leadership in passing the FY 2006 Emergency Supplemental request that is before you now. This urgently needed funding will support immediate political, economic, humanitarian, and operational requirements that will allow us to meet new challenges – and seize new opportunities – to build a better, safer, and freer world.

Mr. Chairman, the funding requested by the President for State Department and Foreign Operations will do more than support our diplomacy; it will strengthen our national security. America is a nation at war. We are engaged in a conflict against terrorists and violent extremists. Across the world, our nation's men and women in uniform and the members of our Foreign and Civil Service, as well as our Foreign Service Nationals, are shouldering great risks and responsibilities advancing America's diplomatic mission – often working in dangerous places far away from their friends and loved ones. They are performing with courage, fortitude and heroism. Today, I want to honor those who have given their lives in this cause and to recognize the courageous public servants and their families who endure long periods of service abroad.

America's enemies remain eager to strike us, but our actions in the past four years have weakened their capability. Our diplomacy plays a vital role in defeating this threat. We are building partnerships with traditional allies and with new partners that share our perception of the threat. Most importantly, we are working directly with foreign citizens who wish to build thriving free societies that embrace democratic values and freedoms.

This is indeed an extraordinary period. It is a time that is unlike any other since perhaps the end of World War II, when the United States took on the mantle of creating a stable and democratic Europe. Europe at that time was weak and divided. Today it is free and at peace. We learned from that experience that if we are faithful to our democratic values we are safer and more secure. When democracy and freedom are in retreat, we are more vulnerable, which we learned in a very graphic and painful way on September 11, 2001.

The President has said that the only way to deal with the ideologies of hatred that we face in the world today is to present the world with the antidote, which is the spread of liberty and freedom. The men and women of our diplomatic service work daily in this cause. In his Second Inaugural Address, President Bush laid out the vision for American leadership in the world today: “[I]t is the policy of the United States to seek and support the growth of democratic movements and institutions in every nation and culture, with the ultimate goal of ending tyranny in our world.” The President’s vision stems from the recognition that we are living in a time of extraordinary change, where the prospect of violent conflict among great powers is more remote than ever. Nations are increasingly competing and cooperating in peace, not preparing for war. Democratic reform has begun in the Middle East. The United States is working with our democratic partners in every region of the world to build global stability through a balance of power that favors freedom and advances liberty.

At the same time, other challenges have assumed new urgency. The greatest threats today emerge more within states than between them, and the fundamental character of regimes matters more than the international

distribution of power. It is impossible to draw neat, clear lines between our security interests, our development goals, and our democratic ideals in the world today. Our diplomacy must integrate and advance all of these goals, through a strategy that is rooted in partnership, not paternalism – in doing things with people, not for them. This is the objective of our diplomatic efforts today and in the future.

Transformational Diplomacy

Mr. Chairman, the 2007 budget represents what we call transformational diplomacy. The objective of transformational diplomacy is to work with our many partners around the world to build and sustain democratic, well-governed states that will respond to the needs of their people and conduct themselves responsibly in the international system.

We must transform old diplomatic institutions to serve new diplomatic purposes, and we must empower our people to practice transformational diplomacy. With the generous support of the Congress, my good friend and predecessor, Colin Powell, brought American diplomacy into the 21st century. Now, my leadership team and I are building on this strong foundation and beginning the generational work of transforming the State Department and USAID. This will not only strengthen national security, it will improve our fiscal stewardship. We are committed to using American taxpayers' dollars in the most effective and responsible way to strengthen America's mission abroad.

In the past year, we have begun making changes to our organization and our operations that will enable us to advance transformational diplomacy. We are forward-deploying our people to the cities, countries, and regions where

they are needed most. We are starting to move hundreds of diplomats from Europe and Washington to strategic countries like China, India, South Africa, and Indonesia. We are supplying our people with additional training and language skills in order to engage more effectively with foreign peoples. Our national security depends, in part, on the ability of American diplomats to speak and master critical foreign languages. We must improve our communication skills in critical foreign languages such as Arabic, Farsi, Mandarin, Hindi, and Urdu to promote our national security, foster greater economic integration, and further the agenda of freedom. Consistent with our language and education initiative, the President's FY 2007 budget includes proposals to manage for results. We are enabling our diplomats to work more closely with America's servicemen and women creating the most cohesive and unified diplomatic team in our history.

To ensure better coordination of our financial resources I have announced the creation of the new position of Director of Foreign Assistance. This essential reform will sharpen our capability to use foreign assistance more efficiently and effectively to: further our foreign policy goals; bolster our national security; encourage prosperous, democratic and lawful societies that join us in overcoming the forces of terror; reduce poverty; and improve people's lives around the world.

We are making these initial changes using our existing authority. The additional funding we are requesting in the FY 2007 budget will help us to implement our vision to transform the State Department to meet the challenges of the 21st century. For this purpose, we are requesting \$9.3 billion for State Department operations. Transformational diplomacy begins by ensuring that our people are in the right places, with the necessary tools and training to carry

their mission. We are requesting \$23 million for 100 new positions on the new frontlines of our diplomacy: key transitional countries and emerging nations in Africa, Latin America, the Middle East, and Asia. These new positions will complement the 100 positions that we are already moving as part of our ongoing effort to best balance our global diplomatic posture. This repositioning effort will require a renewed commitment to secure and to modernize many posts overseas, and we are seeking \$1.5 billion for security-related construction and rehabilitation of our diplomatic facilities.

More and more, we are calling on our diplomats to leave their families and serve overseas in unaccompanied assignments, or “hardship posts”. With your help, as part of our effort to modernize the Foreign Service, we will institute a new pay-for-performance system that fairly compensates our men and women working abroad. New training will also make full use of dynamic new technologies, and we are asking for \$276 million to provide for our workforce the latest information technology and to support professional training needed for success.

These new tools and training will better enable our nation’s diplomats to tell America’s story to the people of the world, and in turn, to listen to the stories they have to tell. We have heard the legitimate criticisms that have been made of our public diplomacy, and we are re-engineering how we do business. I have stressed that public diplomacy is the responsibility of every single member of our diplomatic corps, not just our public diplomacy specialists. We are creating forward-deployed, regional public diplomacy centers. These centers, or media hubs, will be small, lean operations that work out of our embassies or other existing facilities, enabling us to respond quickly to negative propaganda, to correct misinformation, and to explain America’s

policies and principles. The \$351 million that we seek will be essential to continue to revitalize our public diplomacy.

To complement our public diplomacy, we must ensure that America remains a welcoming place for tourists, students, and businesspeople, while at the same time protecting our homeland from terrorists and criminals who would exploit our open society to do us harm. The State Department, in partnership with the Department of Homeland Security, has taken new steps in the past year to realize the President's vision of secure borders and open doors. Our request of \$1.1 billion will fund the Border Security Program and enable us to hire 135 new consular officers and passport staff to meet the growing demand of foreign citizens seeking to travel to America, while maintaining its fundamental commitment to serve each and every American citizen who travels abroad. At the same time, we are seeking \$474 million to support educational and cultural exchanges, which increase mutual understanding between our citizens and the peoples of the world.

Finally, we must continue to enable our nation's diplomats to work effectively with our partners in the United Nations and other international organizations. The United States takes its international obligations seriously, and we remain committed to strengthening the financial stability, efficiency, and effectiveness of international organizations. We seek \$1.6 billion to fund assessed and voluntary contributions to international organizations.

Mr. Chairman and Members of the Subcommittee, America's purpose in this young century is to fuse our democratic principles with our dramatic power to build a more hopeful world. Our purposes are idealistic, but our policies are realistic. The men and women of the State Department have risen to the challenge of transformational diplomacy with enthusiasm and courage and are

helping our partners around the world to build a future of freedom, democracy, and hope.

Realizing the goals of transformational diplomacy will require a sustained effort over the course of a generation. Most importantly, it will require a strong partnership with the Congress. We will do our part to use our existing authority to make foreign assistance more effective and to enhance our ability to serve as responsible stewards of the American taxpayers' money. Our goal in establishing the new position of Director of Foreign Assistance is a first step. We welcome a dialogue with Congress about how we can work together to improve further America's foreign assistance, enabling us to respond more quickly and more effectively to the world's development challenges.

Defeating Terror

When we speak about the Global War on Terrorism, we first think of what our military is doing in the mountains of Afghanistan or the towns and cities of Iraq. But we also need to think of the important role of our foreign assistance and diplomatic presence in places beyond Afghanistan and Iraq and in the array of states that are now fighting side-by-side with us in the Global War on Terrorism. As they are supporting us, we need to support them. In this budget we are requesting \$6.2 billion to strengthen the coalition partners who are standing shoulder to shoulder with us on the front lines in the fight against terrorism. Our assistance empowers our partners to practice more effective law enforcement, police their borders, gather and share essential intelligence, and wage more successful counterterrorism operations. In many nations, our assistance will also help to bolster thriving democratic and economic institutions reducing the societal divisions that terrorists exploit for their own

ideological purposes. Our FY 2007 request includes \$739 million for Pakistan, \$560 million for Colombia, \$154 million for Indonesia, \$457 million for Jordan, and \$335 million for Kenya.

Essential to winning the war on terrorism is denying our enemies the weapons of mass destruction that they seek. We must develop new tools for counter-proliferation to confront and dismantle the networks involving rogue states, outlaw scientists, and black market middlemen who make proliferation possible. We are building on the achievements of the Proliferation Security Initiative, the G-8 Global Partnership, and UN Security Council Resolution 1540. We are working to stop Iran and North Korea from succeeding in their quest for weapons of mass destruction, and we continue to do everything in our power to deny terrorists access to the world's most dangerous weapons, including conventional weapons like MANPADS. The FY 2007 budget proposes to increase funding for the State Department's efforts to help countries counter the proliferation of dangerous weapons and materials.

Advancing Liberty and Democracy

In December, over 12 million Iraqi people voted in free elections for a democratic government based on a constitution that Iraqis wrote and adopted. Iraq is on a track of transformation from brutal tyranny to a self-reliant emerging democracy that is working to better the lives of its people and defeat violent extremists. The President's request of \$771 million, along with the supplemental request, is an essential part of our National Strategy for Victory in Iraq. The funding for the Department's operations and programs is a critical counterpart to the efforts of our troops in the field as we pursue integrated security, economic, and political tracks to success in Iraq. The supplemental request will fund programs that are integral to our counter-insurgency

campaign and to the operation and security of our diplomatic mission, while the FY 2007 request supports capacity development essential for Iraq's transition to self-reliance.

Our work also continues in Afghanistan. Four years after the United States, along with our Afghan allies and others, removed the Taliban regime, the Afghan people have established a democratic government. Millions of men and women have voted freely for the first time. Today, Afghanistan has a democratic constitution, an emerging free economy, and a growing, multi-ethnic army. Despite this dramatic progress, there is still much hard work to be done. The President's request of \$1.1 billion for Afghan reconstruction, along with supplemental funding, will allow us to continue working with the people of Afghanistan to meet the remaining political, economic, and security challenges they face.

The people of Iraq and Afghanistan are helping to lead the transformation of the Broader Middle East from despotism to democracy. This is a generational challenge. Elections are an important and necessary beginning and the freedom to choose invests citizens in the future of their countries. But one election does not complete the fulfillment of democracy. Successful democracies are characterized by transparent, accountable institutions of governance; a thriving civil society that respects and protects minority rights; a free media; opportunities for health and education; and the renunciation of terrorism and ideologies of hatred. On this last point especially, we will continue to insist that the leaders of Hamas agree to the conditions of the quartet to reject terrorism and work toward peace with Israel.

Helping the nations of the broader Middle East to make progress in building the foundations of democratic societies is the mission of the Middle

East Partnership Initiative, for which we are seeking \$120 million. We are also requesting \$80 million for the National Endowment for Democracy to continue its work in promoting lasting democratic change around the world.

Progress in the broader Middle East offers hope, but the region still faces determined enemies, especially the radical regime in Tehran. Through its aggressive and confrontational behavior, Iran is increasingly isolating itself from the international community. In recent months, our diplomacy has broadened the international coalition to address Iran's nuclear ambitions. This issue is now before the U.N. Security Council.

The Iranian people should know that the United States fully supports their aspirations for a freer, better future, which is why the President requested \$75 million in supplemental funding for democracy promotion activities. As we aim to isolate the government of Iran because of its defiance of the international community over its nuclear program, it is all the more important that we make clear to the Iranian people our commitment to their well-being. The funds we are requesting in the supplemental will enable us to expand considerably our direct communication with the Iranian people through public diplomacy, educational and cultural exchanges, and expanded broadcasting.

Meeting Global Challenges

Like terrorism and nuclear proliferation, many other challenges in today's world are global and transnational in nature. These threats breach all borders and affect all nations. Today's global threats require global partnerships, and America's diplomats are helping to transform our relationships with countries that have the capacity and the will to address shared global problems.

One major global threat comes from disease, especially the scourge of HIV/AIDS. This pandemic affects key productive members of society: the individuals who drive economies, raise children, and pass on the customs and traditions of their countries. The United States is committed to treating people worldwide who suffer from AIDS because conscience demands it, and also because a healthier world is a safer world. The hallmark of our approach is the President's Emergency Plan for AIDS Relief.

The Emergency Plan is rooted in partnership. Our approach is to empower each nation to take ownership of the fight against HIV/AIDS through prevention, treatment, and care. The results to date have been remarkable. In the past two years, the Emergency Plan has expanded life-extending antiretroviral treatment to 471,000 people worldwide, 400,000 of whom are located in sub-Saharan Africa. As of last year, the Emergency Plan has extended care to more than 1.2 million orphans and vulnerable children. The President's 2007 Budget requests \$4 billion, \$740 million more than the current year, to continue American leadership in the global fight against HIV/AIDS. Additionally, the 2007 budget includes \$225 million to fight malaria, which is a major killer of children in sub-Saharan Africa. These funds respond to a pledge to increase United States funding of malaria prevention and treatment by more than \$1.2 billion over five years.

The United States is also playing a key global role in preparing for the threat of a possible avian influenza pandemic by providing political leadership, technical expertise, and significant resources. The most effective way to protect the American population from an influenza outbreak abroad is to contain it beyond our borders. The 2007 budget provides resources to continue

these activities in countries already experiencing outbreaks of influenza and in other countries on the cusp of infection.

Another key global challenge is to curtail the illicit drug trade and to dissolve the relationships between narcotic-traffickers, terrorists, and international criminal organizations. The 2007 budget requests \$722 million for the Andean Counterdrug Initiative, which advances the President's goal of strengthening democracy, regional stability, and economic development throughout the hemisphere. The Initiative provides funding for law enforcement, security programs, and alternative livelihood assistance for those at risk from the trade of illicit narcotics.

The United States remains the world's most generous provider of food and other emergency humanitarian assistance. We are also helping refugees to return to their countries of origin. Where that is not a viable option, the United States leads the international community in resettling refugees here in the United States. The FY 2007 request of \$1.2 billion for humanitarian relief, plus \$1.3 billion in food aid, will ensure that we are prepared to extend the reach of American compassion throughout the world.

Building State Capacity

Many states cannot meet the basic responsibilities of sovereignty, including just and effective control over their own territory. It is critical to American security to build state capacity where it does not exist, to help weak and poorly governed states to develop, and to empower those states that are embracing political and economic freedom.

We must anticipate and prevent the emergence of failed states that lead to regional instability and which become havens for terror and oppression that threaten America's security. The Office of the Coordinator for Reconstruction and Stabilization has been established to address complex and challenging situations around the globe. The 2007 budget proposes to strengthen planning efforts for countries and regions of greatest concern. We seek to coordinate the deployment of United States resources to prevent the emergence of failed states, and to respond quickly and effectively to states emerging from conflict around the world. With an early and effective response, we can reduce the need for a more robust and costly military commitment. This budget request includes \$75 million for the conflict response fund.

Helping Developing States

Where the basic foundations of security, governance, and economic institutions exist, the United States is advancing bold development goals. The President has embarked on the most expansive development agenda since the Marshall Plan, including new debt relief initiatives, the doubling of Official Development Assistance since taking office, and performance-based funding for international financial institutions. Development is an integral pillar of our foreign policy. In 2002, the President's National Security Strategy for the first time elevated development to the level of diplomacy and defense, citing it as the third key component of our national security. States that govern justly, invest in their people, and create the conditions for individual and collective prosperity are less likely to produce or harbor terrorists. American diplomacy must advance these development principles.

Our development assistance focuses on building the tools for democratic participation, promoting economic growth, providing for health and education,

and addressing security concerns in developing nations, as well as responding to humanitarian disasters. Such investments are crucial to improving the lives of people around the world and enhancing our own national security. We seek to provide the necessary tools and incentives for governments to secure the conditions for the development of free and prosperous societies.

Relieving the burden of heavily indebted countries is essential to ending a destabilizing lend-and-forgive approach to development assistance. At the Gleneagles summit last July, the G-8 agreed on a landmark initiative to provide 100 percent cancellation of qualifying Heavily Indebted Poor Countries' debt obligations to the World Bank, the African Development Bank, and the International Monetary Fund. United States leadership was instrumental in securing this agreement. We estimate that a total of 42 countries will receive up to \$60 billion in debt relief as a result of this initiative. The Budget that I present to you today supports the United States share of the multilateral debt forgiveness provided by the G-8 proposal.

We are also seeking support for our share of the G-8's assistance package for Africa. This package will fight malaria, HIV/AIDS, and corruption and help to create an environment where democracy and economic opportunity can flourish. Specifically, the 2007 budget supports the President's commitment to double assistance to Africa between 2004 and 2010. In addition, the request supports our commitment to help African countries to build trade capacity; to educate their citizens through a \$400 million Africa Education Initiative; and to combat sexual violence and abuse against women through a new Women's Justice and Empowerment Initiative.

Although Africa is a primary focus of our efforts to reduce poverty and invest in people and reform, it is by no means the only continent on which our

resources are directed. We seek a total of \$2.7 billion for worldwide Development Assistance and Child Survival and Health funds.

Empowering Transformational States

We also seek to empower those states that are governing justly. The flagship of our efforts is the Millennium Challenge Account, which is helping states that are making measurable progress to achieve sustainable development and integration into the global economy.

In 2002, in Monterrey, Mexico, the nations of the world adopted a new consensus on reducing international poverty. Developed nations agreed to increase their assistance to developing countries, and developing countries committed to making progress toward good governance, economic freedom, and investments in the health and education of their people. In response to this Monterrey Consensus, the Administration and the Congress created the Millennium Challenge Account, which targets new development assistance to countries that meet benchmarks of political, economic, and social development. This innovative approach partners with and invests in low and lower-middle income countries that take ownership of their own economic development.

In the past year, we have accelerated our efforts to negotiate and sign development compacts between transformational countries and the Millennium Challenge Corporation. To date, the MCC has identified 23 countries eligible for development compacts, and has approved compacts worth a total of \$1.5 billion with eight countries: Armenia, Benin, Cape Verde, Georgia, Honduras, Madagascar, Nicaragua, and Vanuatu. Nine eligible countries have prepared proposals totaling \$3.1 billion, and another six will soon submit proposals. We

are seeking \$3 billion of new funding in the FY 2007 budget, with the goal of approving up to 10 new compacts.

Conclusion

Mr. Chairman and Members of the Subcommittee, realizing the goals of transformational diplomacy will require a sustained effort over the course of a generation. Most importantly, it will require a strong partnership with the Congress. We at the Department of State will do our part to use our existing authority to make our diplomatic initiatives and our foreign assistance programs more effective and to enhance our ability to serve as responsible stewards of the American taxpayers' money. I look forward to working with the Subcommittee.